

## Message Text

CONFIDENTIAL

PAGE 01 CARACA 05996 122023Z

72

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 AGR-20 EA-11 EUR-25 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01

CEA-02 INT-08 SCEM-02 COME-00 CIAE-00 INR-10 NSAE-00

RSR-01 /164 W

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P 121941Z JUL 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 521

C O N F I D E N T I A L CARACAS 5996

E.O. 11652: GDS

TAGS: EAGR VE

SUBJECT: DIRE SCARCITY OF SOYBEANS IN VENEZUELA AND  
POSSIBLE ECONOMIC AND POLITICAL REPERCUSSIONS  
CONSEQUENT THEREON

REF: CARACAS 5637

1. I RECEIVED ANOTHER VISIT THIS MORNING FROM EDUARDO MENDOZE, HEAD OF VENEZUELA'S LARGEST FEED COMPANY, PROTINAL, WHO SAYS THAT THE SITUATION IS BECOMING TRULY DESPERATE FOR LACK OF SOYBEANS AND OTHER PROTEIN GRAINS. NOTWITHSTANDING A WINDFALL ACHIEVED YESTERDAY WHEN GOV CONTRACTED FOR AN UNEXPECTED 20,000 METRIC TONS OF SOYBEANS FROM BRAZIL, AND HIS OWN PROTINAL'S EXPECTANCY OF RECEIVING AT LEAST HALF OF AN EXISTING SOYBEAN ORDER IN THE UNITED STATES FOR 20,000 METRIC TONS, HE STILL FINDS NO MEANS EITHER FOR HIS OWN COMPANY OR VENEZUELA AS A WHOLE IN MEETING AN ABSOLUTE SCARCITY BETWEEN SEPTEMBER AND END NOVEMBER WHEN PRESUMABLY THE U.S. 1973 BUMPER SOYBEAN CROP WILL BE AVAILABLE FOR SHIPMENT.

2. MENDOZA PAINTS A VERY DARK PICTURE. HE FORECASTS THAT THE HALF-BILLION BOLIVAR OIL, FEED AND GRAIN SILO BUSINESS WILL COME TO A STANDSTILL, THROWING PEOPLE OUT  
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PAGE 02 CARACA 05996 122023Z

OF WORK AT THE VERY ACME OF THE POLITICAL CAMPAIGN. IN

ADDITION, VENEZUELA'S IMPORTANT POULTRY INDUSTRY MAY BE COMPELLED TO SLAUGHTER CHICKENS JUST AT THE TIME THE POLITICIANS ARE LOOKING FOR GOOD NEWS TO SPREAD BEFORE THE ELECTORATE. MENDOZA THEREFORE DOES NOT EXCLUDE THE POSSIBILITY OF SEVERE POLITICAL DISLOCATIONS AT A VERY NEURALGIC MOMENT.

3. OUR ACTING AGRICULTURAL ATTACHE INFORMED MENDOZA THAT VENEZUELA IS NOT THE ONLY NECESSITOUS CLIENT FOR SOYBEANS FROM THE UNITED STATES. HE POINTED OUT THAT DELEGATIONS HAVE ALREADY COME TO WASHINGTON FROM JAPAN AND GERMANY. HOWEVER, AS SEEN FROM EMBASSY VIEW OF ADMITTEDLY PAROCHIAL CONCERN, WE SHOULD INDEED BE MOST GRATEFUL FOR ANY EFFORT WHICH USG MIGHT FIND IT POSSIBLE TO MAKE TO TIDE VENEZUELA OVER CRITICAL PERIOD OF SEPTEMBER/NOVEMBER.

4. MENDOZA SAID THAT IN CONVERSATIONS YESTERDAY WITH MINISTERS OF DEVELOPMENT/COMMERCE AND AGRICULTURE, HE HAD IMPRESSION THAT GOV MIGHT SHORTLY MAKE A DIPLOMATIC DEMARCHE TO USG ON THIS PROBLEM. HE INTIMATED THAT SOME MINISTERS AT LEAST WOULD FAVOR WILDEYED SCHEME OF MINISTER OF MINES AND HYDROCARBONS, WHICH HE HAS ALREADY FREQUENTLY VOICED TO PRESS (CARACAS 5624) OF OFFERING VENEZUELAN PETROLEUM ONLY ON A QUID PRO QUO BASIS FOR ACCEPTANCE OF OTHER VENEZUELAN EXPORTS. COROLLARY OF THIS "PRINCIPLE" MIGHT BE THAT VENEZUELA WOULD THREATEN TO WITHHOLD ITS PETROLEUM FROM U.S. MARKET UNLESS U.S. MET VENEZUELA'S REQUIREMENTS IN REGARD TO SOYBEANS AND GRAIN.

5. I REPLIED TO MENDOZA THAT THIS WAS A SINGULARLY FOOLISH IDEA SINCE OUR AVAILABILITY OF SOYBEANS IS DUE TO A FACT OF NATURE AND NOT TO GOVERNMENT DESIGN. I ALSO COULD NOT REFRAIN QUOTING THE STOCK CLICHE AROUND HERE THAT "GOD IS A VENEZUELAN" AND THEREFORE THEY COULD BLAME THEIR CO-CITIZEN DEITY FOR LACK OF ADEQUATE CROPS. I CONCLUDED BY SAYING THAT IF THESE NATIONS WERE TO BE PURSUED FURTHER, SOMEONE HAD BETTER CONSULT WITH VENEZUELA'S FINANCE MINITER WHOSE BUMPER BUDGET WAS PREDICATED ON A CONTINUING HIGH EXPORT OF VENEZUELAN PETROLEUM. SHUTTING DOWN ON SALES TO THE U.S. WOULD  
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PAGE 03 CARACA 05996 122023Z

PROPORTIONALLY SHUT DOWN HIS BUDGET.  
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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 12 JUL 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Reference:** 73 CARACAS 5637  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24-Jan-2002 by willialc>; APPROVED <14 FEB 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** EAGR, VE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005